



**BARRY CALLEBAUT**

# Half-Year Results 2020/21

Media & Analyst Conference  
April 22, 2021

## Cautionary note

Certain statements in this presentation regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as 'believe,' 'estimate,' 'intend,' 'may,' 'will,' 'expect,' and 'project' and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events.

Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect Barry Callebaut's future financial results are stated in the Annual Report 2019/20 and include, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effect of a pandemic/epidemic or a natural disaster, as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of today, April 22, 2021. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

# AGENDA

## **Highlights Half-Year Results 2020/21**

Antoine de Saint-Affrique, CEO

## **Financial Review Half-Year Results 2020/21**

Ben De Schryver, CFO

## **Strategy & Outlook**

Antoine de Saint-Affrique, CEO

## **Questions & Answers**

CEO and CFO



# HIGHLIGHTS

**Half-Year Results 2020/21**

Antoine de Saint-Affrique, CEO

## CEO succession: Peter Boone to succeed Antoine de Saint-Affrique as of September 1, 2021



- **Peter Boone** (born 1970, Dutch national) is President of Region Americas since September 2017, and a member of the Executive Committee since 2012.
- Under his leadership Region Americas achieved solid, profitable volume growth and expanded its customer portfolio. In line with the Group's 'smart growth' strategy he built the Specialties & Decorations business in North America.
- Peter joined Barry Callebaut as Chief Innovation Officer in 2012 and assumed additional responsibility of Quality Assurance as of June 2013 and for Sustainability as of November 2015.



- **Antoine de Saint-Affrique** is CEO of Barry Callebaut since October 2015.
- Together with the Executive Team, Antoine's 'smart growth' execution of the long term strategy successfully expanded the Group's footprint, strengthened its balance sheet and profitability through the rebalancing of the portfolio towards faster growing geographies and a broader range of cocoa and chocolate ingredients. He made Barry Callebaut the industry leader on sustainability through the launch of Forever Chocolate.
- Antoine will step down as CEO as per August 31, 2021 and will be proposed for election to the Board of Directors at the next Annual General Meeting (AGM).

## Changes in the Executive Committee



### **Steve Woolley to become President of Region Americas as of September 1, 2021**

- Steve Woolley (born 1968, US national) currently serving as Vice President & General Manager Global Accounts, in which role he is responsible for the partnerships with the Group's largest corporate customers in North America.
- He has been with Barry Callebaut in a variety of sourcing and sales roles since 2006. Steve has a deep understanding of e-commerce and strong business insights, built over a successful career of more than 20 years in chocolate.



### **Jo Thys to become President of Region Asia Pacific as of July 1, 2021**

- Jo Thys (born 1970, Belgian national) currently serving as Vice President Africa, Middle East and Turkey, in which role he is responsible for the cocoa and chocolate business in the region.
- He is a home grown talent with many years in our company in a variety of Operations roles across three continents, combining strong operational and supply chain expertise.

## Continued volume recovery and solid profitability

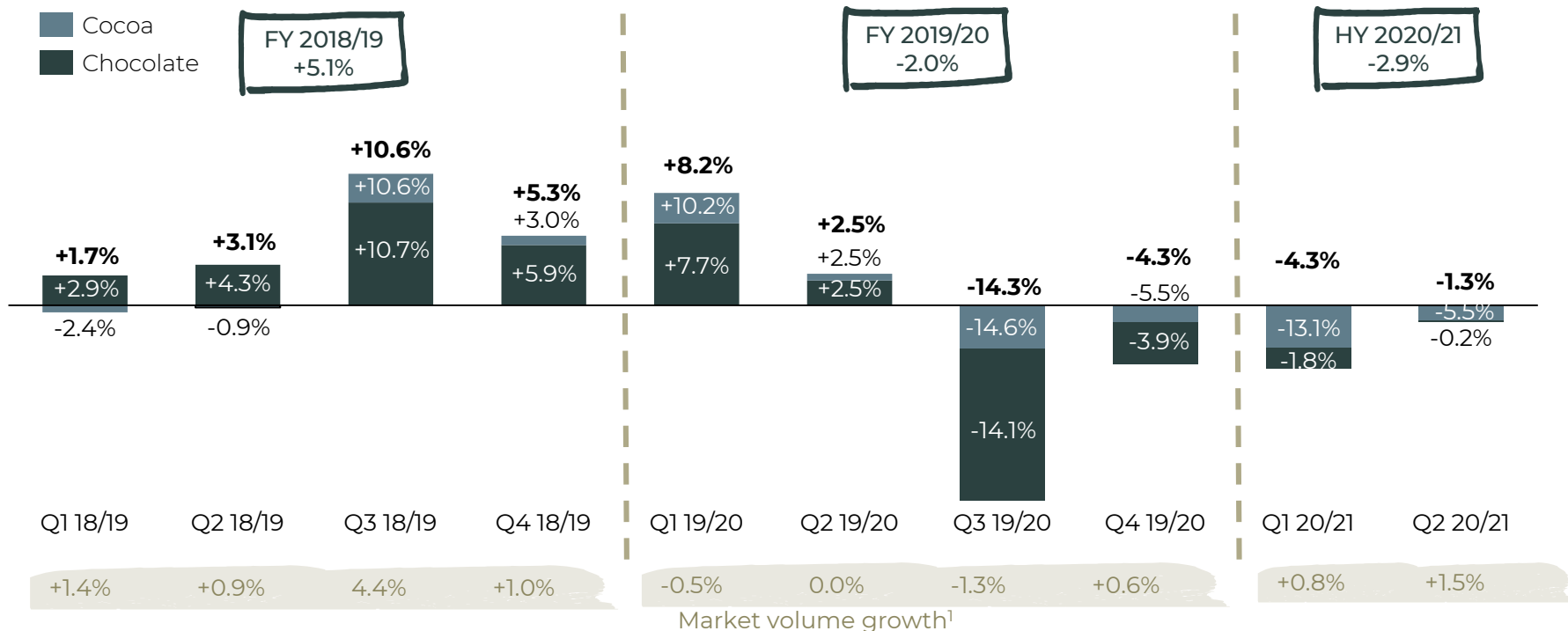


- Sales volume down -2.9%, continued recovery in second quarter (-1.3%)
- Sales revenue of CHF 3.5 billion, flat at 0.0% in local currencies (-7.5% in CHF)
- Operating profit (EBIT) of CHF 296.7 million, up +3.8%<sup>1</sup> in local currencies (-4.7%<sup>1</sup> in CHF)
- Net profit of CHF 205.7 million, up +6.9%<sup>1</sup> in local currencies (-2.8%<sup>1</sup> in CHF)
- Strong adjusted Free cash flow of CHF 162.9 million
- Confident to deliver on mid-term guidance<sup>2</sup>

<sup>1</sup> Compared to prior-year Operating profit (EBIT) recurring and Net profit recurring, which exclude the cost of CHF 8.0 million for the closure of the cocoa factory in Makassar (Indonesia).

<sup>2</sup> On average for the 3-year period 2020/21 to 2022/23: volume growth +5-7% and EBIT above volume growth in local currencies, barring any major unforeseeable events and based on the assumption of a gradual recovery from COVID-19.

# Continued recovery in Chocolate



<sup>1</sup>Source: Nielsen volume growth excluding e-commerce. 2020/21 data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption, which was heavily impacted by the lockdowns due to COVID-19.

# Key growth drivers: Emerging Markets and Outsourcing lead the recovery

% of total Group volume

% volume growth vs. prior year

**38%**  
Emerging Markets

**+2.9%**  
excl. Cocoa:  
**+6.1%**

**34%**  
Outsourcing,  
Long-term  
Partnerships

**+1.8%**

**11%**  
Gourmet &  
Specialties

**-5.8%**

## Key growth drivers

crucial to continuously outperform the market



# Key milestones in the first six months



# Innovation

## Riding the wave

- Vegan/Dairy-free: Opening of our first fully segregated dairy-free production facility in Norderstedt, Germany
- Caramel Doré is now covering the 'Magnum Double Gold Caramel Billionaire'
- Ruby continues to conquer the market with new applications

## Making the wave

- Cabosse Naturals entering the artisan Ice Cream market

## Tailor made

- Mona Lisa 3D Studio – the world's first personalized 3D printed chocolate at scale attracting customers around the globe



# FINANCIAL REVIEW

Half-Year Results 2020/21

Ben De Schryver, CFO

## Continued volume recovery and solid profitability

Group performance (in CHF million)	HY 2020/21	Change in %	
		in local currencies	in CHF
Sales volume (in tonnes)	1,071,603	n/a	-2.9%
Sales revenue	3,481.5	0.0%	-7.5%
Gross profit	569.2	0.0%	-6.3%
EBIT reported	296.7	6.5%	-2.2%
EBIT (recurring) <sup>1</sup>	296.7	3.8%	-4.7%
EBIT per tonne (recurring) <sup>1</sup>	276.9	6.9%	-1.9%
Net profit for the period	205.7	11.1%	1.0%
Net profit for the period (recurring) <sup>1</sup>	205.7	6.9%	-2.8%
Free cash flow	-183.4	n/a	n/a
Adjusted Free cash flow <sup>2</sup>	162.9	n/a	n/a

<sup>1</sup> Prior-year EBIT recurring and Net profit recurring excluding cost of CHF 8.0 million for the closure of the cocoa factory in Makassar, Indonesia

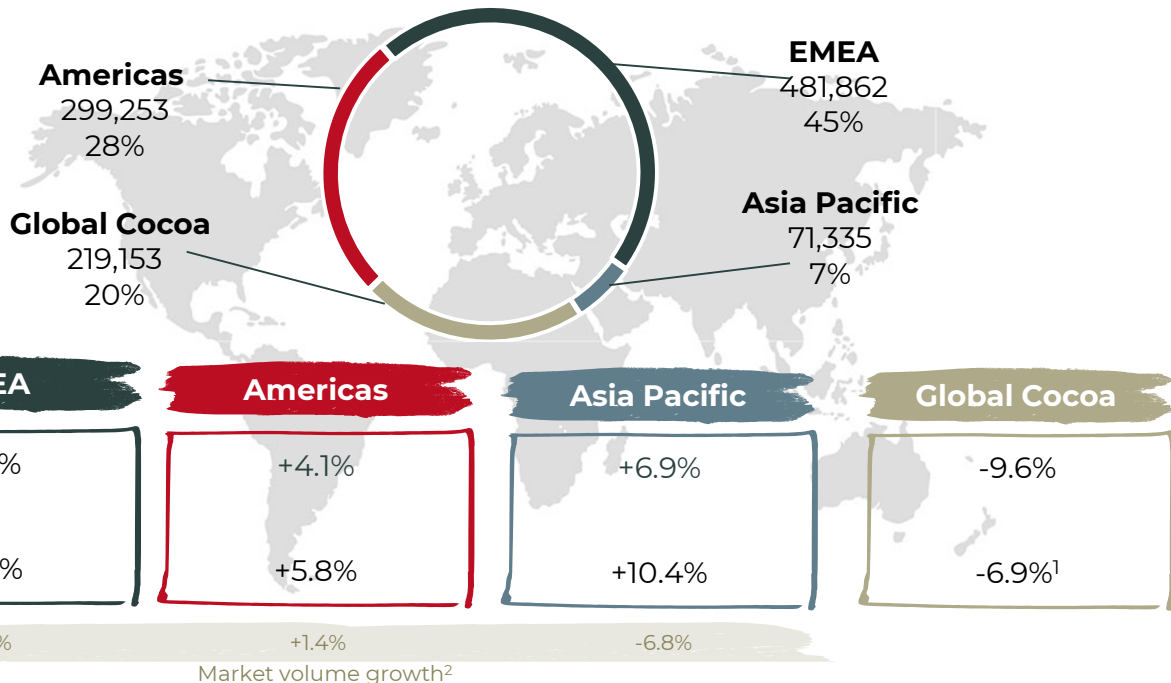
<sup>2</sup> Adjusted for cocoa beans regarded by the Group as readily marketable inventories (RMI)

Financial review – Key performance indicators by Region

# Americas and Asia Pacific leading the volume recovery, solid profitability in all chocolate Regions

Group Sales volume:

**1,071,603**  
tonnes

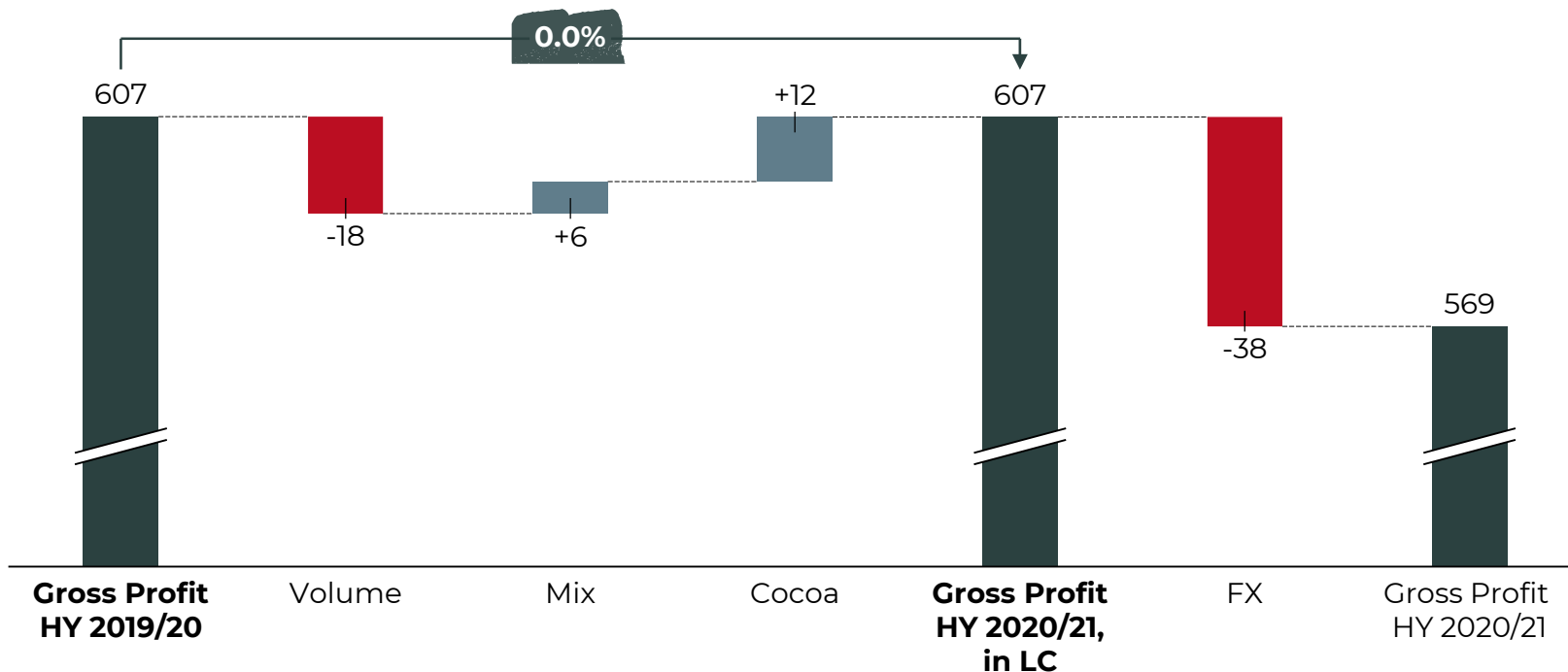


<sup>1</sup> Compared to prior-year EBIT recurring, which was excluding the cost of CHF 8.0 million for the closure of the cocoa factory in Makassar (Indonesia).

<sup>2</sup> Source: Nielsen, volume growth excluding e-commerce – 25 countries, September 2020 to January/February 2021, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption, which was heavily impacted by the lockdowns due to COVID-19.

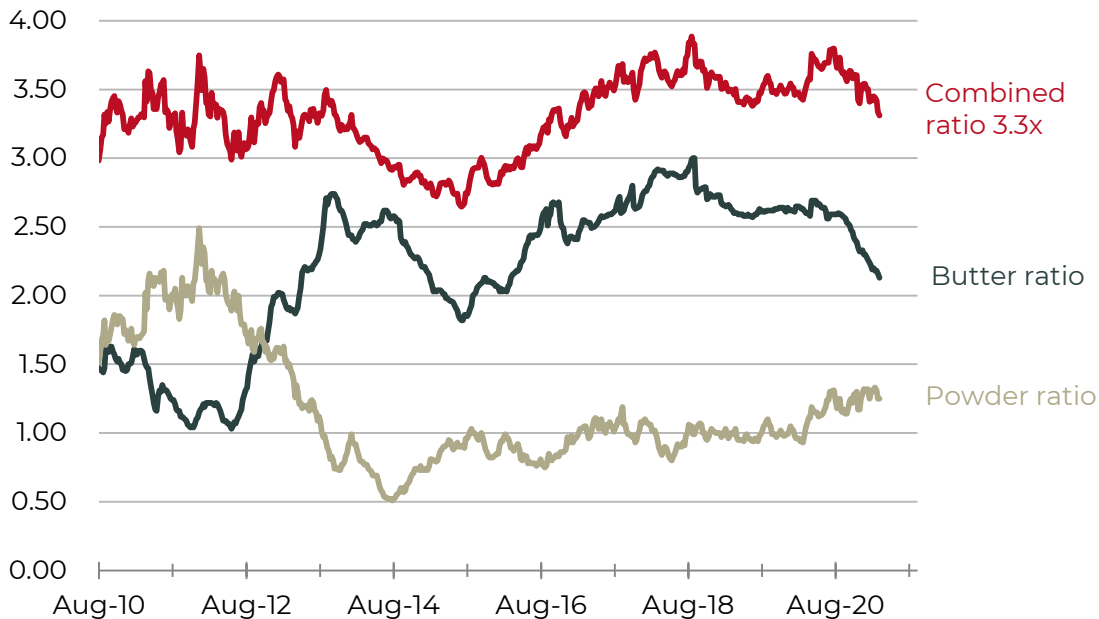
# Resilient mix and cocoa business mitigate COVID-19 volume impact

In CHF million



# Cocoa Combined Ratio development

## European combined ratio - 6 month forward ratio



For cocoa processors, profitability depends on the ratio between input costs (price of cocoa beans) and combined output prices (price of cocoa butter and powder).

### Combined ratio gives broad indication...

Shows general high level industry direction, assuming many variables are fixed.

### However...

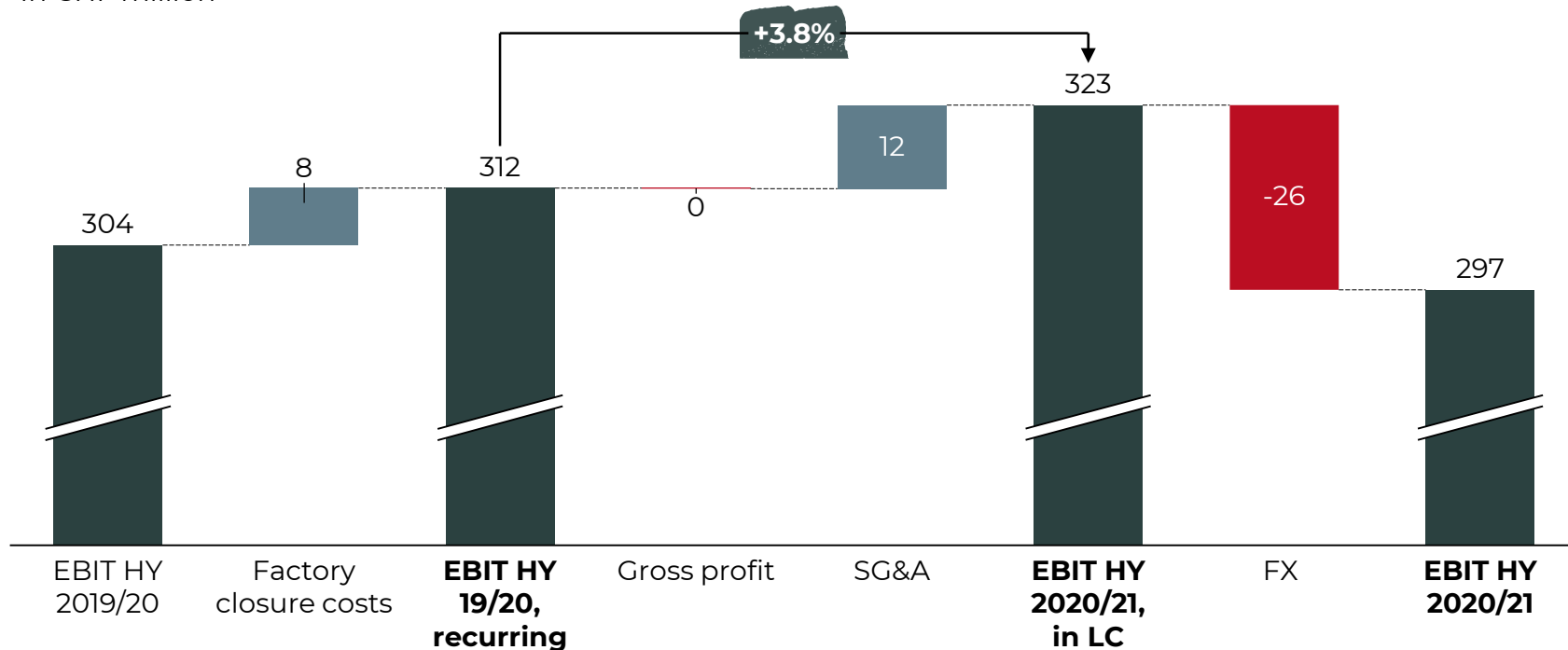
Many variables are not fixed e.g.

- Terminal market: outright levels, arbitrage (London vs. New York), market structure.
- Differentials: structure and origin differences, Living Income Differential (LID) in Côte d'Ivoire and Ghana.
- Forward pricing structure: butter and powder.
- Customer forward coverage: butter and powder.

Financial review - EBIT bridge

# Operating profit (EBIT) up +3.8% against prior-year recurring thanks to resilient Gross profit and strict cost management

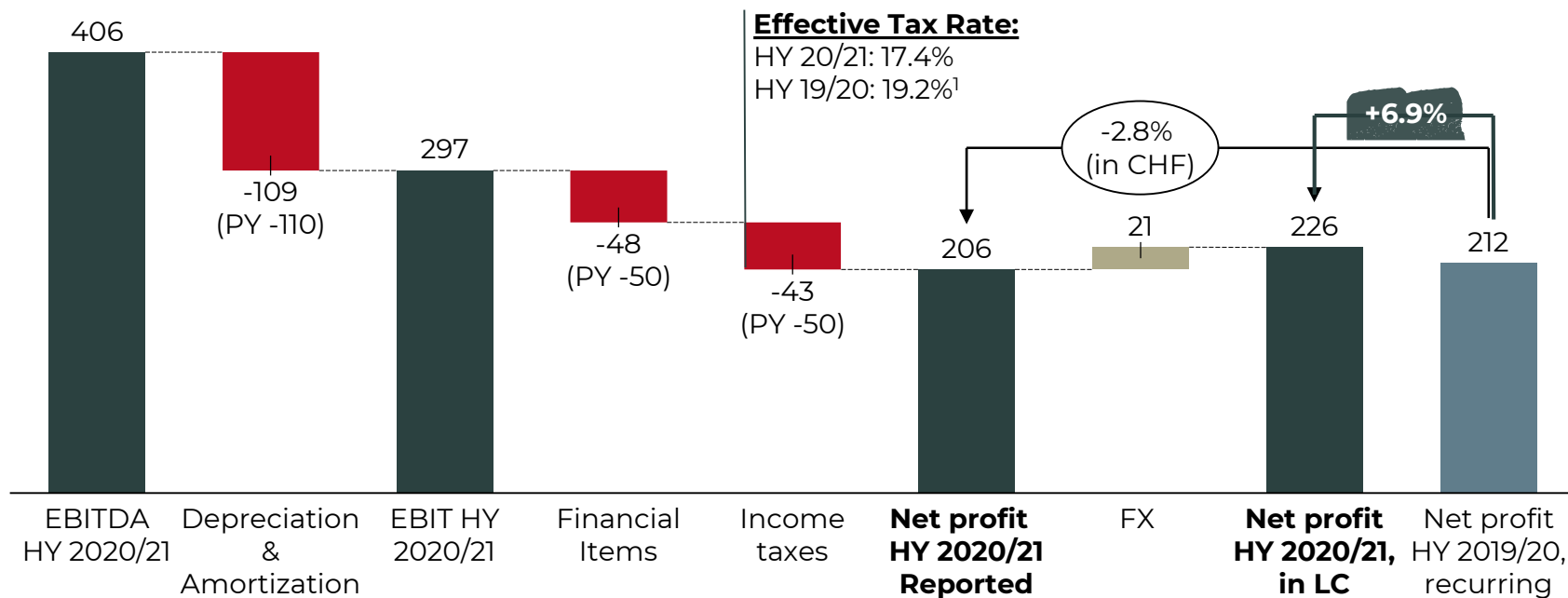
In CHF million



Financial review - EBITDA to Net profit bridge

# Net profit +6.9% compared to prior-year recurring thanks to solid profitability and lower financing cost and taxes

In CHF million



<sup>1</sup> Recurring ETR HY 2019/20 adjusted for non-recurring tax expense related to the Swiss Tax Reform. Reported ETR was 19.6%.

# Raw material price development

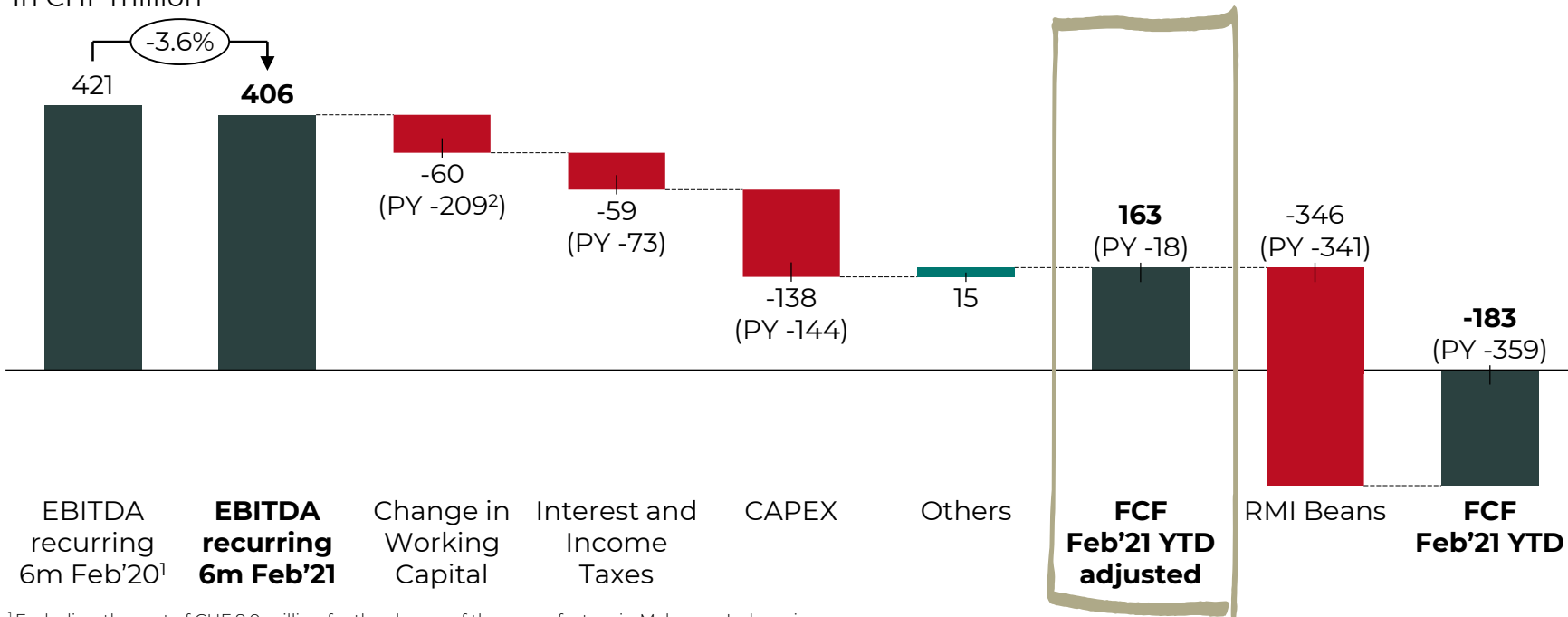


**Change HY 2020/21 (average):**

- Milk powder -10.6%
- Cocoa beans -9.4%
- Sugar EU -2.0%
- Sugar World +12.0%

# Continued focus on working capital management supporting strong Free cash flow generation

In CHF million

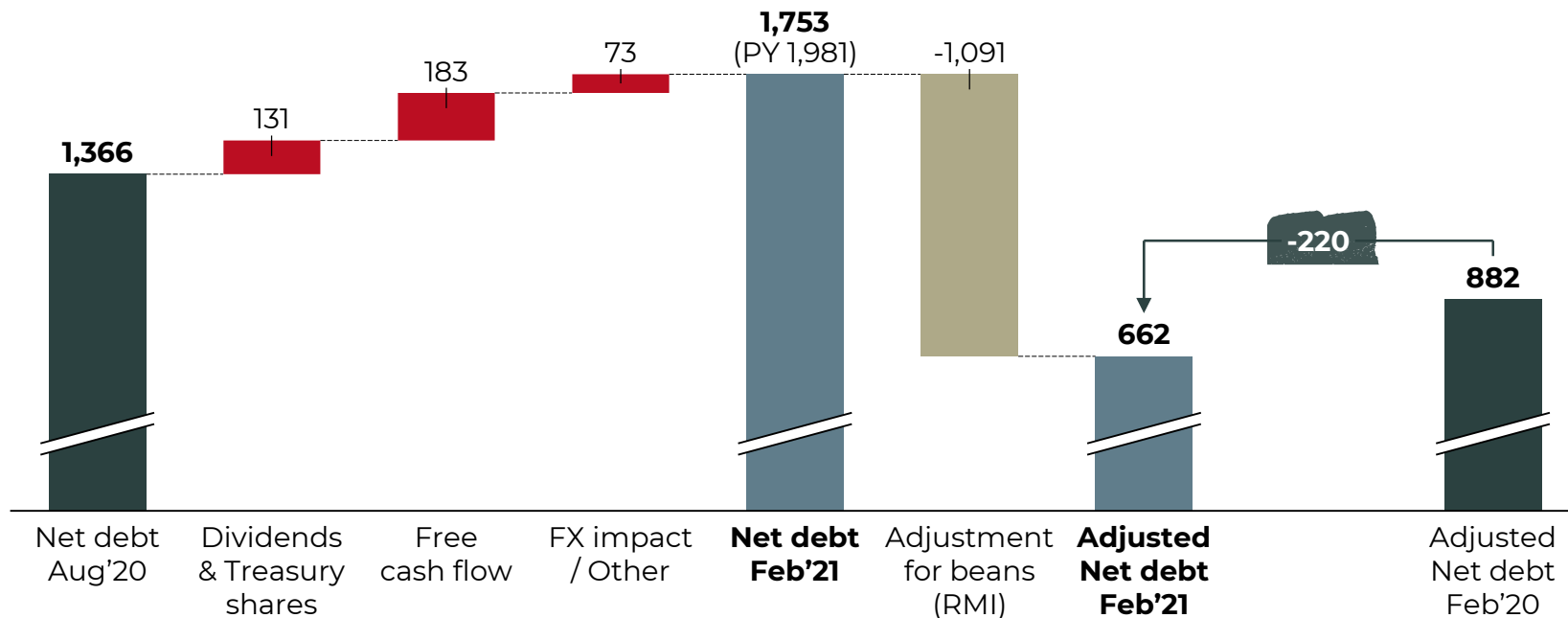


<sup>1</sup> Excluding the cost of CHF 8.0 million for the closure of the cocoa factory in Makassar, Indonesia.

<sup>2</sup> Prior-year movement changed from CHF -174 million due to change in methodology (derivatives and inventory fair-valuation previously showed as 'Others').

# Net debt further reduced

In CHF million



## Balance sheet

(in CHF million)	Feb'21	Aug'20	Feb'20
Net working capital	1,579	1,192	1,838
Non-current assets	2,921	2,800	2,854
Total assets	7,435	7,141	7,550
Net debt	1,753	1,366	1,981
Adjusted Net debt <sup>1</sup>	662	594	882
Shareholders' equity	2,478	2,354	2,403
ROIC	9.2%	10.3%	11.5%
ROE	12.8%	13.2%	15.6%
Net debt / Equity ratio	70.7%	58.0%	82.4%
Adjusted Net debt <sup>1</sup> / Equity ratio	26.7%	25.2%	36.7%
Net debt / EBITDA	2.6x	1.9x	2.3x
Adjusted Net debt <sup>1</sup> / EBITDA	1.1x	0.9x	1.1x

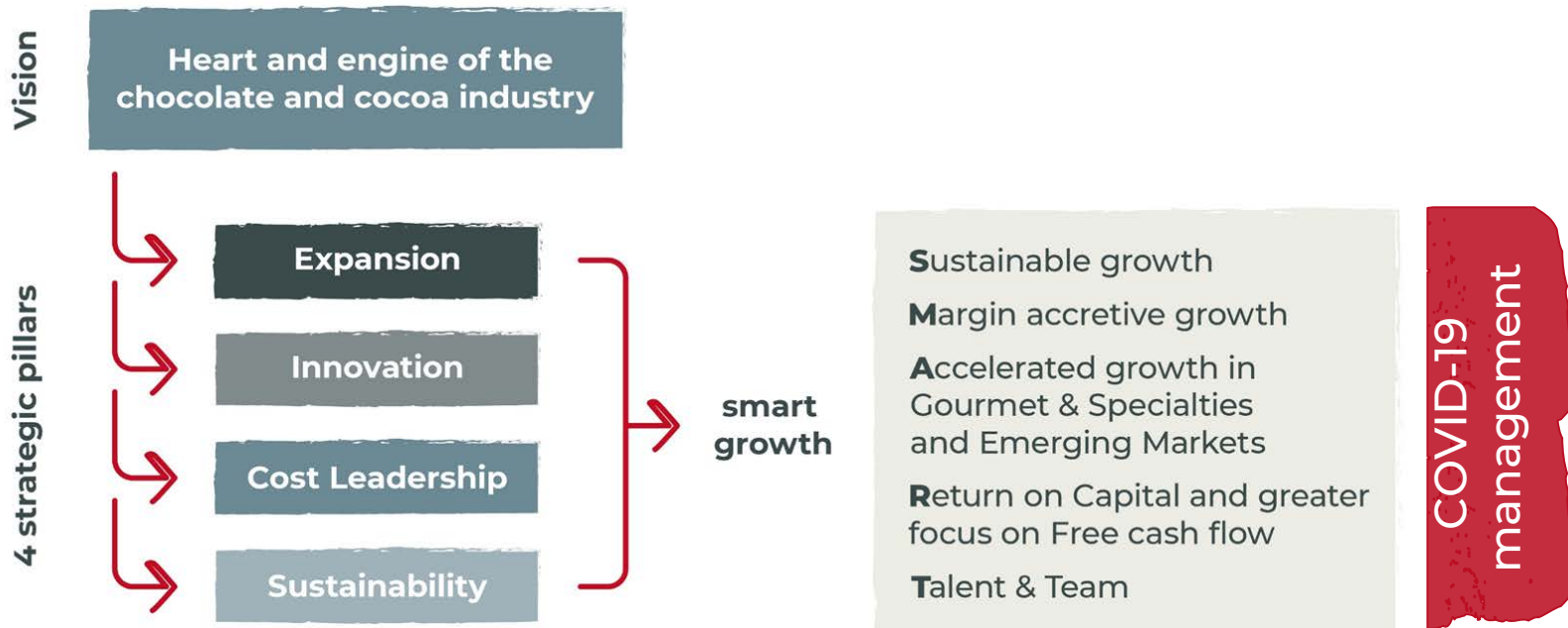
<sup>1</sup> Net Debt adjusted for cocoa beans considered as RMI

# STRATEGY & OUTLOOK

Half-Year Results 2020/21

Antoine de Saint-Affrique, CEO

# Consistent long-term strategy – sharpened business model



# Investing in future growth and sharpening business model

## Expansion

### Unlock opportunities in captive markets

- New chocolate factory in Novi Sad, Serbia (operational 2021)

### Broaden and deepen reach

- Broaden customer segmentation
- Deepen distribution

### Prepared for continued recovery

- New Global Distribution Center in Lokeren, Belgium (operational in 2021)

## Innovation

### Leading on trends

- Vegan/Dairy-free

### Creating new experiences

- Wholefruit Chocolate launch under Cacao Barry
- Cooperation with Bloom: converting production side streams into food ingredients

### Constant discovery

- Treat Tomorrow – embracing trends and shaping the future of chocolate





treat  
TOMORROW

# Investing in future growth and sharpening business model

## Cost Leadership

**Drive simplification and digitalization of business processes...**

- Leveraging on global SAP and salesforce platforms
- Expand scope of services in Shared Service Center

**...help to control costs and maintain business continuity**

- Improve relationship management with customers and suppliers



## Sustainability

**Forever Chocolate continued progress and impact in unprecedented times**

- Groundbreaking innovations and game-changing partnerships
- Recognized by CDP as Supplier Engagement Leader
- Cocoa Horizons and Seekewa partnership on diversification of farmer incomes

### **Diversity & Inclusion**

- '#oneBC', new strategy on Diversity & Inclusion: progress in gender balance and cultural diversity

# Diversity & Inclusion

## It's about growth

- As a company, as individuals, as teams
- Attracting and retaining talents wherever they are

## It's about inclusion

- United by our values
- Nurturing a more inclusive environment for all

## It's about equal opportunities for all

- Enabling everyone to be at their best
- Remaining a truly meritocratic company

## It's about time-bound, ambitious, measurable targets

- Progress in gender balance by 2025
- 40% women at Director\* level, up from 28%
- 30% women at Director\* level in Sales, up from 13%

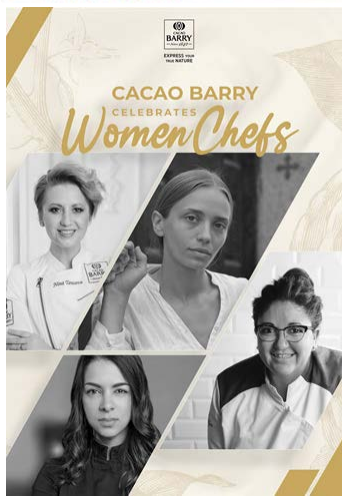
## Diversify the origin of our talent by 2025

- 50% local talent at Director\* level in countries of origin and emerging markets

\*equivalent to a Sub-Function Head or a Senior Management position often with direct reports



**Diverse People,  
Sustainable Growth.**



## Confident to come out of the crisis stronger and to deliver on mid-term guidance



“Whilst the environment remains volatile, our continued focus on customers, our drive for new opportunities and our strong innovation pipeline, together with a sound balance sheet, make us confident that we are coming out of the crisis stronger and to deliver on our mid-term guidance.”

### Mid-term guidance 2020/21 to 2022/23, on average per annum:

- +5-7% volume growth
- EBIT above volume growth in local currencies, barring any major unforeseeable events<sup>1</sup>



Thank you!

# Q&A session



Antoine de Saint-Affrique, CEO



Ben De Schryver, CFO